

Dematerialization, Density and a New Business Model for Co-creation – The Case of Chocolate

Accepted for 21st Annual Frontiers in Service Conference, June 2012, Washington DC

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The organization today can be seen as moving away from being a 'selling of offerings', towards being an organizer of value creation (Vargo and Lusch, 2004; Normann, 2001). Consumers, therefore, may not just be the receiver of offerings, but are co-creators of value both to the firm and to themselves, and are increasingly co-producers and co-designers of offerings. For Normann, offerings, people, system, language and culture are the carriers of accumulated knowledge and components of the value creation process. He further describes 'density' of the process as the best combination of resources mobilised for a particular context such as a particular customer at a given time and place. Normann suggests that two dematerialization mechanisms, liquification and unbundleability, can promote rebundleability and lead to the creation of new densities, which are capable of combining customer resources to create new value configurations. Liquification: separation of information from the physical, which then can be moveable and scalable, and unbundleability: separation of the activities and the 'time/space/actor' units (Normann, 2001, p.33). Indeed, Michel argues that 'dematerialization, liquification, unbundleability, rebundleability and the resulting potential for increased offering density create new value creation opportunities' (Michel, et al, 2008, p.154).

This paper reports on an UK EPSRC funded project of separating the offering of a hedonistic product (chocolate) into the offering as an online co-created experience as well as its physical consumption. Our case study illustrates the process of developing offerings for online chocolate gift design service which then leads to the printing of the actual chocolate designed through the 3-D additive layer manufacturing technology (3-D chocolate printer). By using existential phenomenological interview method, we identified 10 chocolate consumption experiences (sharing, sensorial gratification, memories and nostalgia, physiological needs, chocolate gift, chocoholism, escapism, chocolate design, chocolate purchase, and community). We dematerialized and liquified chocolate consumption practices by separating information from real practices. We then unbundled the practices by separating the activities and densities (time/space/actor units) for chocolate practices. Finally, we rebundled non-materiality dimensions of chocolate practices and formed new densities for chocolate practices in the virtual/online context and utilised the constellation to scale the non-material experience, and through mechanism design, ration the demand for 3D printing of chocolates.

Michel, S., Vargo, S.L. & Lusch, R.F. (2008) *Reconfiguration of the conceptual landscape: a tribute to the service logic of Richard Normann*, JAMS, 36,152-155

Normann, R. (2001) *Reframing Business: when the map changes the landscape*, Chichester: Wiley

Vargo, S.L. & Lusch, R.F. (2004) *Evolving to a new dominant logic for marketing*, JM, 68(1), 1-17

Managerial Implication

Our paper aims to empirically demonstrate a methodology of (1) how 'density' can guide us to formulate principles for dematerialisation, unbundleability, liquification and rebundling and (2) how rebundling aids practitioners in the creation of new business models from new value configurations in online communities.

